



Department of Energy
Office of Science
Washington, DC 20585

December 9, 2003

Office of the Director

MEMORANDUM FOR THE SECRETARY

ES2003-013451

THROUGH:

KYLE McSLARROW
DEPUTY SECRETARY

ROBERT G. CARD
UNDER SECRETARY FOR ENERGY,
SCIENCE AND ENVIRONMENT

FROM:

RAYMOND A. ORBACH
DIRECTOR
OFFICE OF SCIENCE

SUBJECT:

ACTION: Approve Office of Science Realignment and
Announcement of Realignment

ISSUE:

Streamline and improve management of Office of Science (SC) programs and laboratories through realignment of its Headquarters and Field organization structure. Several issues need to be resolved.

BACKGROUND:

In April 2002, Secretary Abraham approved the concept proposed by SC for realigning its Headquarters and Field Structure. In order to implement the approved framework, the SC Restructuring Project (OneSC Project) was formally initiated in July 2002.

The OneSC Project embraces the changes envisioned by the President's Management Agenda (PMA) to manage government programs more economically and effectively. This is accomplished by reducing layers of management, streamlining decision-making processes, clarifying lines of authority, and making more efficient use of resources. OneSC provides a management environment for SC employees in which their success and high performance can continue in the face of changing resources, requirements, and societal needs.

The OneSC Project is divided into three phases:

- Phase 1 - Development of a revised SC structure with improved organizational alignment and reporting relationships (completed).
- Phase 2 - Reengineering of SC business and management systems (September 30, 2004).



Printed with soy ink on recycled paper

- Phase 3 - Project closeout and transition to full operations (December 31, 2004).

Additional background on the Project can be found on the first page of the attached white paper (Attachment 1).

DISCUSSION:

Phase 1 of the OneSC Project is complete. The Project Team has found that the existing SC structure is too complex, difficult to manage, and inconsistent with the PMA. (The need for realignment is discussed under the section entitled “Understanding the Current SC Organization” in Attachment 1.)

After considering the OneSC Team’s recommendations, I am ready to make specific changes to the SC structure and reporting relationships that respond to the direction and vision provided by the PMA. In summary, these changes:

- clarify Headquarters’ (HQ) role as that of policy, direction, and scientific program development and management;
- clarify the Field’s role as that of program execution and implementation;
- eliminate a layer of management in the Field and in parts of HQ;
- establish a clear set of integrated roles, responsibilities, accountabilities and authorities encompassing HQ, the nine SC Site Offices, and the Oak Ridge and Chicago Offices;
- move Head of Contracting Activity authority to HQ;
- create a single point of contact and authority for laboratory contract management;
- place a contracting officer in each Site Office; and
- transfer administrative and business support functions currently performed in HQ to the Field.

Details regarding these proposed changes can be found in the “The New Office of Science Structure and Reporting Relationships” section in Attachment 1. The proposed reporting structure is illustrated in the organization charts in Attachments 2a and 2b. High-level responsibilities are described in the Mission and Functions Statement in Attachment 3. Since the OneSC proposal contains much more detail than, and in some cases differs significantly from, the framework approved by the Secretary last April, the OneSC realignment is being submitted again in its entirety for approval.

Many benefits arise from this realignment. The proposed structure creates an organization optimized to carry out SC missions; establishes clear managerial lines of accountability, and roles and responsibilities for employees at all sites; simplifies reporting relationships; and leverages expertise located in the Field by transferring administrative and business support functions currently performed in HQ to the Field. It is expected that when the realignment is combined with the results of reengineering at the end of Phase 2, the cost of doing business in both SC's Federal and contractor operations will be significantly reduced.

The SC restructuring effort has been coordinated with the Office of Environmental Management, the National Nuclear Security Administration (NNSA), and other Program Secretarial Officers (Nuclear Energy, Science and Technology and Energy Efficiency and Renewable Energy) to ensure that execution of other DOE program office missions is not affected. Work currently done for other Program Secretarial Officers (PSOs) at SC laboratories, and at the Chicago and Oak Ridge Offices, will not be impeded. In addition, SC will continue to operate assigned DOE Centers of Excellence in support of Department-wide interests. The SC approach to restructuring is similar to the NNSA approach, already approved by the Department, with only minor differences.

We are also coordinating our restructuring effort with the key Headquarters staff elements that must help implement the OneSC structure. Overview briefings were held for the leadership and key staff of the Offices of Security; General Counsel; and Management, Budget and Evaluation (Offices of Finance and Accounting Policy, Human Resources Management, Procurement and Assistance Management.)

More detailed functional briefings and/or detailed question and answer sessions have been held with heads of the Offices of Environment, Safety, and Health; Security; and Management, Budget and Evaluation (Offices of the Chief Financial Officer; Program Analysis and Evaluation; Budget; Finance and Accounting Policy; Human Resources Management; Procurement and Assistance Management.)

The meetings listed above have been exceedingly productive and helpful as we prepare the detailed paperwork to implement the new organization. Open and constructive dialog has enabled the consideration of important issues now that could have unnecessarily delayed implementation at a later date.

The organizational structure and the flow of authorities have been comported with your previous instructions on ensuring line management responsibility and accountability. The proposed reorganization generally provides for a direct transmission of authorities through me or my Chief Operating Officer to the SC Headquarters and Field staff. The proper alignment of responsibilities and authorities is the key to successful implementation of the PMA through OneSC and is central to responsible execution of my responsibilities.

However, the reorganization needs to, and does, recognize the statutorily defined cross-organizational responsibilities and authorities of the Chief Financial Officer, the Senior Procurement Executive, the Chief Information Officer, the Chief Human Capital Officer, and the General Counsel, as well as the internally directed responsibilities of such organizations as the Office of Independent Oversight and Performance Assurance. Most of their issues have either been worked out to the satisfaction of these organizations, or are on track to do so. I am committed to their resolution. The implementation of OneSC will have no impact on the provision of legal services provided by the Office of the General Counsel.

There are two additional issues that must be resolved before full implementation can be accomplished:

1. I intend to make Chicago the servicing personnel office for SC HQ employees. This represents a shift in how human resource functions for a HQ element are executed. My staff has committed to Claudia Cross, Director, Office of Human Resources Management, that SC will clarify and further define the functions that SC would like transferred to Chicago and those that might better remain with her office. I have asked Jim Decker to continue to lead the SC effort to resolve this issue with both Claudia and Jim Campbell, Acting Director, Office of Management, Budget and Evaluation.
2. SC continues to work with Jim Powers, Director, Office of Program Analysis and Evaluation and his staff to identify a Departmental approach to address effects produced by the various PSO restructuring efforts on the directives system.

Announcement of the OneSC structure will not preclude or predetermine decisions regarding these issues. I therefore propose we move forward now on OneSC because:

1. There is a significant level of anxiety among the more than 900 SC employees, particularly in the Field and the Germantown staff offices, regarding how restructuring will affect them. My immediate concern is low morale and its ensuing loss in productivity. My long-term concern is that further delay, combined with losses of key personnel through attrition, buyouts, and early retirement will exacerbate the skills mix problems that will occur when business systems are reengineered in Phase 2 of the Restructuring Project.
2. Roles and responsibilities throughout the SC organization need to be made clear through announcement and implementation of the new SC organization structure. Delay will not only perpetuate existing confusion, but will increase it. SC is already operating with some of the proposed restructuring elements because they make sense and are immediately helpful. However, confusion overall as to who is responsible for what is significant. This confusion can be alleviated if I were able to announce details of the new SC organization prior to the resolution of remaining issues.

I propose that you approve the new OneSC organization. SC will continue to work with the appropriate staff offices to iron out remaining issues already raised, or others yet to be identified. Again, rollout of the OneSC structure does not preclude or predetermine decisions for issues yet to be resolved. A Secretarial decision may be needed should an impasse develop over issues that cannot be resolved.

A rollout plan has been drafted which includes Administration and Congressional briefings, a televideo briefing for all SC employees, posting of Project documents and other pertinent information on the Project's website, and visits to SC sites by senior SC leadership and members of the Project Team. When completed, the rollout plan will be coordinated with your Office, the Office of Congressional and Intergovernmental Affairs, and the Office of Public Affairs.

SENSITIVITIES:

The Illinois, Tennessee, and Washington Congressional delegations have shown varying degrees of interest in the SC Restructuring Project. Those that have a strong interest have been kept informed of the status and results through detailed briefings; no objections have

been raised. I would be happy to discuss the results of these briefings with you.

Affected HQ employees who are currently performing support functions identified for consolidation with the Chicago Office will be interested in the direction and outcome of this Project. A separate competitive area in Germantown will be established for these employees. They will no longer be part of the Germantown bargaining unit and will no longer be eligible to apply for vacancies advertised exclusively for HQ employees. I will ensure that employees transferred to the new competitive area are eligible to apply for vacancies located in SC Germantown and Forrestal offices by requiring that all SC HQ vacancies be targeted to employees duty-stationed in the Washington metropolitan area. Because neither downgrades nor geographical transfers are required to implement the OneSC structure, union concern should be minimal. Discussions with Union leadership regarding the SC reorganization have been held, and are ongoing.

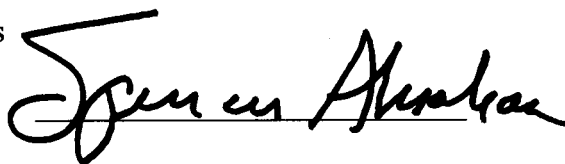
POLICY IMPACT: This Administration is now at a point of being able to institutionalize the significant PMA reforms which are underway in SC and in other parts of the Department. This opportunity could be missed if any significant delay occurs.

RECOMMENDATION: That the Secretary approve:

- the OneSC realignment as described in the attached white paper and depicted in the attached organization charts;
- announcement of the SC realignment.

Attachments

Approve:



Disapprove:

Date:

1/5/04

cc: Joseph P. McMonigle
Chief of Staff

Concurrences:

James Campbell
Management, Budget and Evaluation
11/19/03

David Garman
Energy Efficiency and Renewable Energy
10/28/03

Beverly Cook
Environmental, Safety, and Health
11/10/03

Jessie Roberson
Environmental Management
10/31/03

Lee Sarah Liberman Otis
General Counsel
12/08/03

Linton Brooks
National Nuclear Security Administration
11/19/03

William Magwood
Nuclear Energy, Science and Technology
11/13/03

Marshall Combs
Security
10/28/03

Rick Dearborn
Congressional and Intergovernmental Affairs
10/28/03

*Note:

11/21/03 Barbara Male informed Camille Torquato that Assistant Secretary Roberson saw no need to concur on SC's reorganization package.